



**Elizabeth Rose Triscari**

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Pennsylvania-American Water Company

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December 17, 2019

**VIA ELECTRONIC FILING**

Ms. Rosemary Chiavetta, Secretary  
Commonwealth of Pennsylvania  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

**In Re: Application and Related filings of Pennsylvania-American Water Company under Sections 507, 1102(a), and 1329 of the Pennsylvania Public Utility Code 66 Pa C.S. §§507, 1102(a), 1329, for approval of its acquisition of wastewater system assets of Borough of Kane Authority, related to wastewater service rights, fair market valuation, ratemaking treatment, collection of distribution system improvement charge, deferral of the post-acquisition improvement costs and claim for transaction and closing costs - Docket No. A-2019-3014248, et al.**

**Pennsylvania-American Water Company to Begin Providing Individualized Customer Notice**

Dear Secretary Chiavetta:

In compliance with the Secretarial Letter issued in the above-referenced proceeding on December 11, 2019, and in compliance with the *Final Supplemental Implementation Order* entered February 28, 2019 at Docket No. M-2016-2543193, this correspondence is to inform the Pennsylvania Public Utility Commission ("Commission") that Pennsylvania-American Water Company ("PAWC") will today begin providing individualized customer notice of the proposed acquisition to all potentially affected customers.

Enclosed please find a copy of the customer notice that PAWC intends to be distributed to all PAWC water and wastewater customers as well as the customer notice to be distributed to all Borough of Kane Authority wastewater customers. The notice to PAWC customers will be provided with their water and wastewater bills during a billing cycle beginning December 17, 2019. The billing envelope and/or email, for PAWC customers who receive their bills

electronically, will disclose the following: “Contains Notice of Proposed Rate Base Addition.” The notice to Borough of Kane Authority wastewater customers will be provided via direct mailing. The notices indicate a deadline to file protests or petitions to intervene of March 9, 2019 as was directed by the Commission’s Bureau of Technical Utility Services (“TUS”).<sup>1</sup>

Consistent with the directive of the December 11, 2019 Secretarial Letter, PAWC will also publish notice of the application once a week for two consecutive weeks in a newspaper having general circulation in the area of the Borough of Kane Authority Wastewater System. Upon completion, PAWC will file a proof of publication with the Commission.

PAWC will file a verification at this docket when the required individualized customer notice process has been completed. At which time, PAWC respectfully asks that the Commission promptly accept the application for official filing purposes via Secretarial Letter and publish notice of the application in the *Pennsylvania Bulletin*.

Thank you for your attention to this matter. Please do not hesitate to contact me if you have any questions.

Sincerely,



Elizabeth Rose Triscari

enclosures

cc: Attached Certificate of Service (*via electronic and first-class mail*)  
Sean Donnelly, Bureau of Technical Utility Service (*via electronic and first-class mail*)

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<sup>1</sup> PAWC proposed a deadline to file protests or petitions to intervene of February 18, 2020, consistent with the timing of final acceptance of past acquisition applications, i.e., upon verification of completion of the notice process. TUS, however, rejected PAWC’s proposal and directed instead the use of March 9, 2020 in anticipation of delaying final acceptance of PAWC’s Application for up to 15 days following verification of customer notice completion. PAWC’s use of March 9, 2020 in the customer notices should not be construed as agreement by PAWC with TUS’s method of determining the appropriate deadline.

# NOTICE OF PROPOSED WASTEWATER ACQUISITION AND RATE BASE ADDITION (Docket No. A-2019-3014248)



Dear Customer:

On December 11, 2019, the Pennsylvania Public Utility Commission (PUC) conditionally accepted for filing the application of Pennsylvania-American Water Co. for approval to acquire the Borough of Kane Authority's wastewater system assets. The Borough of Kane Authority serves approximately 2,019 customers in McKean County. Pennsylvania-American's application also requests that the PUC authorize an addition of \$17,560,000 to Pennsylvania-American's rate base pursuant to 66 Pa.C.S. § 1329. A utility's rate base is the value of property used by the utility to provide service to its customers and is one of many components used to establish customer rates.

This acquisition will not immediately, but may in the future, affect water and/or wastewater bills of Pennsylvania-American customers, including the Borough of Kane Authority's wastewater customers. Pennsylvania-American is not requesting a rate increase as part of the acquisition. Your current rates will not change until the conclusion of Pennsylvania-American's next rate case where Pennsylvania-American requests and receives PUC approval to increase its rates. Pennsylvania-American's next base rate case will conclude no earlier than January 1, 2021. Based on a non-binding estimate of the potential rate impacts, Pennsylvania-American anticipates that the potential rate impact could be as follows:

PAWC WASTEWATER				
Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Current Rates	Average Monthly Bill at PAWC Zone 1 Current Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,630 gal/month	\$64.93	\$66.55	\$1.62 or 2.5%
Commercial	22,000 gal/month	\$280.22	\$287.23	\$7.01 or 2.5%
Industrial	476,000 gal/month	\$5,547.08	\$5,685.76	\$138.68 or 2.5%

  

PAWC WATER				
Rate Class	Average Usage	Average Monthly Bill at PAWC Zone 1 Current Rates	Average Monthly Bill at PAWC Zone 1 Current Rate Adjusted for Potential Impact of Acquisition	Potential Increase
Residential	3,630 gal/month	\$60.85	\$60.91	\$0.06 or 0.1%
Commercial	22,000 gal/month	\$291.80	\$292.09	\$0.29 or 0.1%
Industrial	476,000 gal/month	\$4,530.44	\$4,534.97	\$4.53 or 0.1%

These amounts could change and will depend on how the PUC chooses to apportion any increase among different types of utility service, rate zones and classes of customers. For Pennsylvania-American customers in a rate zone other than Rate Zone 1, the potential rate impact could vary from the chart above.

## PUC ROLE

The state agency that approves acquisitions and rates for regulated public utilities is the PUC. The PUC will review and investigate the proposed acquisition. After examining the evidence, the PUC may approve, modify or deny the acquisition and may approve, modify or deny the requested addition to rate base.

## ACTIONS YOU CAN TAKE

You can support or challenge Pennsylvania-American's request by:

- 1. Sending a letter to the PUC.** You can tell the PUC why you support or object to the application in your letter. This information can be helpful when the PUC investigates the application. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
- 2. Attending or presenting testimony at a PUC public input hearing.** You can attend or be a witness at a PUC public input hearing. The PUC holds public input hearings if it opens an investigation of Pennsylvania American Water's transaction and if there is enough interest in the case. At these hearings, you can present

your views in person to the PUC judge and to company representatives. Testimony under oath becomes part of the application case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1-800-692-7380.

- 3. Filing a protest or a petition to intervene.** If you want to be a party to the case, you must file a protest or a petition to intervene. You then have an opportunity to take part in all the hearings about the proposed acquisition. You can receive copies of all materials distributed by the other parties. Protests and petitions to intervene must be filed in accordance with 52 Pa. Code (relating to public utilities) on or before March 9, 2020. Filings must be made with the Secretary of the Pennsylvania Public Utility Commission at P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on Pennsylvania-American's counsel at:

David P. Zambito, Esq., Cozen O'Connor  
17 North Second Street, Suite 1140  
Harrisburg, PA 17101

The documents filed in support of the application are available on the PUC's website at [www.puc.pa.gov](http://www.puc.pa.gov), for inspection and copying at the Office of the Secretary of the PUC between 8 a.m. and 4:30 p.m., Monday through Friday, and at Pennsylvania-American's offices at 852 Wesley Drive, Mechanicsburg, PA 17055. The PUC docket number is A-2019-3014248. For more information, you may contact the PUC's Bureau of Consumer Services at 1-800-692-7380.

# NOTICE OF PROPOSED WASTEWATER ACQUISITION AND RATE BASE ADDITION (Docket No. A-2019-3014248)



Dear Borough of Kane Authority Customer:

On December 11, 2019, the Pennsylvania Public Utility Commission (PUC) conditionally accepted for filing the application of Pennsylvania-American Water Co. for approval to acquire the Borough of Kane Authority's wastewater system assets. The Borough of Kane Authority serves approximately 2,019 customers in McKean County. Pennsylvania-American's application also requests that the PUC authorize an addition of \$17,560,000 to Pennsylvania-American's rate base pursuant to 66 Pa.C.S. § 1329. A utility's rate base is the value of property used by the utility to provide service to its customers and is one of many components used to establish customer rates.

This acquisition will not immediately, but may in the future, affect water and/or wastewater bills of Pennsylvania-American customers, including the Borough of Kane Authority's wastewater customers. Pennsylvania-American is not requesting a rate increase as part of the acquisition. Your current wastewater rates will not change until the conclusion of Pennsylvania-American's next base rate case where Pennsylvania-American requests and receives PUC approval to increase its rates. Pennsylvania-American's next base rate case will conclude no earlier than January 1, 2021. Based on a non-binding estimate of the potential rate impacts, Pennsylvania-American anticipates that the potential wastewater rate impact could be as follows:

WASTEWATER				
Rate Class	Average Usage	Average Monthly Bill at the Borough of Kane Authority Rates at Closing	Potential Average Monthly Bill	Potential Increase
Residential	3,630 gal/month	\$51.87	\$75.99	\$24.12 or 46.5%
Commercial	22,000 gal/month	\$222.98	\$326.67	\$103.69 or 46.5%
Industrial	476,000 gal/month	\$3,849.62	\$5,639.69	\$1,790.07 or 46.5%

These amounts could change and will depend on how the PUC chooses to apportion any increase among different types of utility service, rate zones and classes of customers and the period of time over which such rate increases could occur.

## PUC ROLE

The state agency that approves acquisitions and rates for regulated public utilities is the PUC. The PUC will review and investigate the proposed acquisition. After examining the evidence, the PUC may approve, modify or deny the acquisition and may approve, modify or deny the requested addition to rate base.

## ACTIONS YOU CAN TAKE

You can support or challenge Pennsylvania-American's request by:

- 1. Sending a letter to the PUC.** You can tell the PUC why you support or object to the application in your letter. This information can be helpful when the PUC investigates the application. Send your letter to the Pennsylvania Public Utility Commission, Post Office Box 3265, Harrisburg, PA 17105-3265.
- 2. Attending or presenting testimony at a PUC public input hearing.** You can attend or be a witness at a PUC public input hearing. The PUC holds public input hearings if it opens an investigation of Pennsylvania American Water's transaction and if there is enough interest in the case. At these hearings, you can present your views in person to the PUC judge and to company representatives. Testimony under oath becomes part

of the application case record. The PUC holds these hearings in the service area of the company. For more information, call the PUC at 1-800-692-7380.

- 3. Filing a protest or a petition to intervene.** If you want to be a party to the case, you must file a protest or a petition to intervene. You then have an opportunity to take part in all the hearings about the proposed acquisition. You can receive copies of all materials distributed by the other parties. Protests and petitions to intervene must be filed in accordance with 52 Pa. Code (relating to public utilities) on or before March 9, 2020. Filings must be made with the Secretary of the Pennsylvania Public Utility Commission at P.O. Box 3265, Harrisburg, PA 17105-3265, with a copy served on Pennsylvania-American's counsel at:

David P. Zambito, Esq.  
Cozen O'Connor  
17 North Second Street, Suite 1140  
Harrisburg, PA 17101

The documents filed in support of the application are available on the PUC's website at [www.puc.pa.gov](http://www.puc.pa.gov), for inspection and copying at the Office of the Secretary of the PUC between 8 a.m. and 4:30 p.m., Monday through Friday, and at Pennsylvania-American's offices at 852 Wesley Drive, Mechanicsburg, PA 17055. The PUC docket number is A-2019-3014248. For more information, you may contact the PUC's Bureau of Consumer Services at 1-800-692-7380.

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In re: Application of Pennsylvania-American Water Company :  
under Section 1102(a) of the Pennsylvania Public Utility Code, 66 :  
Pa C.S. § 1102(a), for approval of (1) the transfer, by sale, of :  
substantially all of the Borough of Kane Authority’s assets, :  
properties and rights related to its wastewater collection and : Docket No. A-2019-3014248  
treatment system to Pennsylvania-American Water Company, and :  
(2) the rights of Pennsylvania-American Water Company to begin :  
to offer or furnish wastewater service to the public in the Borough :  
of Kane, and in a portion of Wetmore Township, McKean County, :  
Pennsylvania :

In re: Application of Pennsylvania-American Water Company :  
under Section 1329 of the Pennsylvania Public Utility Code, 66 : Docket No. A-2019-\_\_\_\_\_  
Pa. C.S. § 1329, for approval of the use for ratemaking purposes :  
of the lesser of the fair market value or the negotiated purchase :  
price of the Borough of Kane Authority’s assets related to its :  
wastewater collection and treatment system. :

Petition of Pennsylvania-American Water Company, related to its :  
acquisition of the Borough of Kane Authority wastewater :  
collection and treatment system, for approval under Section 1329 :  
of the Pennsylvania Public Utility Code, 66 Pa. C.S. § 1329, to (i) : Docket No. P-2019-\_\_\_\_\_  
collect a distribution system improvement charge, (ii) for book :  
and ratemaking purposes, accrue Allowance for Funds Used :  
During Construction for post-acquisition improvements not :  
recovered through the distribution system improvement charge, :  
(iii) for book and ratemaking purposes, defer depreciation related :  
to post-acquisition improvements not recovered through the :  
distribution system improvement charge, and (iv) include, in its :  
next base rate case, a claim for transaction and closing costs. :

In re: Filing by Pennsylvania-American Water Company under : Docket No U-2019-\_\_\_\_\_  
Section 507 of the Pennsylvania Public Utility Code, 66 Pa. C.S. :  
§ 507, of the Asset Purchase Agreement Between Pennsylvania- :  
American Water Company and the Borough of Kane Authority :  
together with Wetmore Township and the Borough of Kane. :  
:

**CERTIFICATE OF SERVICE**

I hereby certify that I have this 17<sup>th</sup> day of December served a true copy of the foregoing correspondence of Pennsylvania-American Water Company, upon parties, listed below in accordance with the requirement of 52 Pa. Code §1.54 (relating to service by a party).

**VIA ELECTRONIC AND FIRST-CLASS MAIL**

Sharon Webb, Esquire  
Office of Small Business Advocate  
555 Walnut Street  
Forum Place, First Floor  
Harrisburg, PA 17101-1923

Alison Kaster, Director  
Bureau of Investigation and Enforcement  
Pennsylvania Public Utility Commission  
400 North Street, F West  
Harrisburg, PA 17120

Christine Maloni Hoover, Esquire  
Office of Consumer Advocate  
555 Walnut Street  
Forum Place, Fifth Floor  
Harrisburg, PA 17101-1923

Respectfully submitted,



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Mechanicsburg, PA 17055  
(717) 550-1574  
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**Attorneys for  
Pennsylvania-American Water Company**